

REQUEST FOR PROPOSALS

ADMINISTRATOR

FOR THE STATE OF HAWAII CAFETERIA PLAN (TO INCLUDE PREMIUM CONVERSION PLAN AND FLEXIBLE SPENDING ACCOUNTS)

RFP NO. FSA-FY-98-1

Note: This Request for Proposals (RFP) does not include the appendices and is not considered an official document. Please call (808) 587-1100 to get the entire official RFP.

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PUBLIC NOTICE TO OFFERORS

NOTICE is hereby given that SEALED PROPOSALS will be received at the Office of the Director of Human Resources Development (HRD), 235 S. Beretania Street, 14th Floor, Honolulu, Hawaii 96813, up to 4:30 p.m. (HST), November 24, 1997, for RFP NO. FSA-FY-98-1 for an ADMINISTRATOR for the STATE OF HAWAII CAFETERIA PLAN (this includes administration of the Flexible Spending Accounts and partial administration of the Premium Conversion Plan) as advertised in the Star Bulletin on October 2, 1997. Proposals shall not be opened publicly, but shall be opened in the presence of the Director of Human Resources Development (Director). Proposals will be evaluated by a committee appointed by the Director, who will transmit their findings to the Director. A register of proposals shall be prepared by the State and shall be made available to the public after the contract is awarded and signed. Proposals received after 4:30 p.m., November 24, 1997, will not be considered. This RFP may be canceled and any and all proposals may be rejected, in whole or in part, when it is in the best interest of the State.

A Pre-Proposal Conference will be held on October 24, 1997, 9:00 A.M. (HST) at the Director's Conference Room, 235 S. Beretania Street, 14th Floor, Honolulu, HI. The deadline for submission of Pre-Proposal Conference written questions is October 15, 1997, 12:00 noon (HST). The deadline for Post-Conference written questions is October 31, 1997, 12:00 noon (HST). A written Notice of Intention to Submit Proposal must be received by the above office by 12:00 noon (HST), November 4, 1997, in order for a proposal to be considered. Questions and the Notice of Intention to Submit Proposal may be faxed to (808) 587-1106.

The form for proposal and specifications may be obtained from the above address, at no cost, beginning at 9:00 a.m. (HST), October 2, 1997.

Note: HRD reserves the right to modify or eliminate the requirement that the Plan Administrator perform any/all Premium Conversion Plan activities specified in the RFP, or modify (not eliminate) the ability to offer supplemental insurance-type products.

James H. Takushi, Director
Department of Human Resources Development

October 2, 1997

SIGNIFICANT DATES

Advertisement	October 2, 1997
Proposal Available for Distribution	October 2, 1997 (9:00 A.M.*)
Deadline for Pre-Proposal Conference Written Questions	October 15, 1997 (12:00 noon*)
Pre-Proposal Conference	October 24, 1997 (9:00 A.M.*)
Deadline for OFFEROR'S Post- Conference Written Questions	October 31, 1997 (12:00 noon*)
Deadline for OFFEROR'S Intention to Submit Proposal	November 4, 1997 (12:00 noon*)
Responses to Questions from OFFERORS submitting Intention to Submit Proposal	November 7, 1997
Deadline for OFFEROR'S Proposal	November 24, 1997 (4:30 P.M.*)
Selection of Administrator	Approximately December 19, 1997

* Hawaii Standard Time

I. INTRODUCTION

1.0 BACKGROUND AND GENERAL INFORMATION

The State of Hawaii ("State") is authorized to establish and administer a Cafeteria Plan for the benefit of State employees pursuant to Section 78-61, Hawaii Revised Statutes. The Department of Human Resources Development ("HRD") is charged with the responsibility for the State's Cafeteria Plan. The State has offered its employees a Premium Conversion Plan ("PCP") since 1990. It desires to implement Flexible Spending Accounts ("FSAs") in accordance with Section 125 of the Internal Revenue Code ("IRC"), to include both Health Care and Dependent Care Expense Spending Accounts for all eligible State employees, as defined in the Administrative Rules.

Currently, approximately 90% of the employees (or 28,027 employees) enrolled in the State/union health plans participate in the PCP. It is expected that there will be approximately 23,000 employees eligible to participate in the FSAs. However, the number of eligible employees may increase to as much as 45,000 (or decrease) upon 30 days notice from the State. The FSAs are tentatively to be implemented July 1, 1999, with the first open enrollment period beginning approximately January 1999.

HRD will contract with the successful OFFEROR ("CONTRACTOR") to be the Administrator exclusively responsible for the FSA administration, which includes, but is not limited to, preparation of informational materials, employee orientation, employee enrollment forms, employee account statements, reimbursement checks, and reports to HRD and certain PCP activities/assistance (as specified under "II. SPECIFICATIONS" below).

The State requires that the PCP and FSAs be administered at no cost to the State or its employees. Therefore, the Administrator will be required under its contract with HRD to pay for all costs associated with administration, including without limitation "fronting" any Health Care Expense Spending Account reimbursements that exceed the State's account balance.

The Department of Accounting and General Services (DAGS) operates the State payroll system. Employees are currently being paid twice a month, on the 15th and last day of the month, unless these dates fall on a weekend or holiday, in which case employees are paid on the prior working day. The State plans to move to a payroll lag system effective July 1998, whereby employees will be paid five days after the end of the pay period (pay periods are the 15th and end of the month). The CONTRACTOR must be able to receive and send data tapes every pay period. The DAGS payroll system can receive and send data tapes that use a nine track 6250 bpi or 1600 bpi IBM EBCDIC format. The Administrator shall be required to operate within this or any other framework adopted by the State.

The State has employees on the islands of Oahu, Kauai, Hawaii, Maui, Molokai and

Lanai. Travel between islands will be necessary to service all employees eligible to participate in the PCP and FSAs.

The contract with the CONTRACTOR is expected to begin on or about January 1, 1998, and end June 30, 2001, with the possibility of three twelve-month extensions by mutual agreement. The first Plan year is tentatively scheduled to begin July 1, 1999, and end June 30, 2000.

Eligible State employees belong to various unions/employee organizations, all of whom will be informed and consulted prior to implementation of FSAs. These include, but are not limited to, the Hawaii Government Employees Association, United Public Workers, and the Hawaii Fire Fighters Association.

2.0 APPROACH

The State intends to implement FSAs, along with the PCP, at no cost to the State or its employees. As such, if the administrator selected is an insurance company, the insurance company will be allowed to offer one or possibly more of its supplemental insurance-type products to State employees. See, II. SPECIFICATIONS, section 3.3.4 for more details.

II. SPECIFICATIONS

The requirements specified in this section are designed to assist the OFFEROR in making a proposal which will best meet the needs of the State. The requirements presented specify the services to be provided by the successful OFFEROR and the minimum capabilities required.

The CONTRACTOR shall be required to primarily assist the State in the FSAs program design, implementation, administration, and program compliance tasks listed under Section 1.0 SCOPE OF WORK below. Secondly, the CONTRACTOR shall be required to assist the State in the partial administration of the PCP. The CONTRACTOR shall be required to perform/provide the following at no cost to the State or its employees:

1.0 SCOPE OF WORK - FLEXIBLE SPENDING ACCOUNTS

ITEM	TASK/DELIVERABLE DESCRIPTION
1.1	Assist the State in FSAs program design and compliance activities, including, but not limited to:
1.1.1	Assisting with the development and/or amendment, as necessary, of the Plan Document, Administrative Rules (pursuant to Chapter 91, Hawaii Revised Statutes), and Summary Plan Description, including attending Administrative Rules public hearings.
1.1.2	Obtaining all required approvals for the FSAs to assure the State is in compliance with all applicable federal and State laws (e.g., section 125 of the IRC) and regulations.
1.1.3	Acting as liaison to all applicable federal and State agencies, as may be required.
1.1.4	Preparing any reports or tests for the FSAs required by federal and/or State laws/regulations, including IRS Form 5500, and performing any required discrimination testing at least twice each plan year. All reports and tests shall be prepared/filed in accordance with IRC timetables.
1.1.5	Keeping HRD apprised of all laws and regulations of applicable regulatory agencies which may affect FSAs and providing information on present or future federal or State-level changes pending, legislatively or otherwise, and their implications for the FSAs and their participants.
1.1.6	Advising HRD on the merits of maintaining FSAs and their provisions, and recommending amendments to the FSAs as may be required by changing conditions, laws, or regulations.
1.2	Assist the State in the FSA program implementation/administration activities, including, but not limited to:
1.2.1	Conducting all open enrollment activities annually and at times specified by the State.

- 1.2.1.1 Conducting informational/educational sessions for departmental personnel offices on all islands.
- 1.2.1.2 Conducting informational/educational sessions for all eligible employees on all islands.
- 1.2.1.3 Designing, printing, and distributing in sufficient quantities all customized written informational materials to fully apprise all eligible employees of the FSAs' purposes and provisions, and designing, printing and distributing all necessary FSA forms, including, but not limited to, participation and non-participation enrollment forms and reimbursement claim forms. All materials shall have the State's pre-approval. (See Appendix A for an example of the preferred format and presentation for employee informational booklet.) Distribution of informational materials/forms shall be to approximately 350 worksites.
- 1.2.1.4 Preparing customized informational videos, which are pre-approved by the State.
- 1.2.1.5 Providing assistance to all employees in completing all required forms, including annual participation and non-participation enrollment forms, payroll forms, and any other forms required by the State. Ensuring that all eligible employees sign a participation or non-participation enrollment form annually, as required by the State.
- 1.2.1.6 Providing all assistance necessary to educate/enroll disabled employees on the FSA programs, including, but not limited to, large print materials, text telephones, sign language interpreters, and any other actions required by the Americans With Disabilities Act.
- 1.2.1.7 Working with and coordinating all open enrollment activities/forms with the State Health Fund and health plan administrators for the employee organizations/unions, as appropriate.
- 1.2.2 Sending confirmation letters for FSAs, with a start-up supply of reimbursement forms and envelopes, to all enrollees prior to the first employee payroll deduction. Confirmation letters shall specify, at a minimum, the type of spending account, the annual amount of salary reduction and the pro-rated semi-monthly amount.
- 1.2.3 Assisting employees with family status changes and ensuring that the changes qualify under the Plan Document/Administrative Rules and IRC.
- 1.2.4 Assuming responsibility for carrying out the requirements under Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and all amendments thereto that have been or may be enacted, as they relate to the FSAs, including notification to participants/dependents, and maintenance of accounts for any participant/dependent who elects continuation under COBRA.
- 1.2.5 Assuming responsibility for carrying out the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto that have been or may be enacted, including notification to participants/dependents.
- 1.2.6 Promptly and courteously answering all employee questions/inquiries and providing written responses when needed or requested.

- 1.3 Ensure the performance of all necessary administrative/recordkeeping functions for FSAs, including, but not limited to:
 - 1.3.1 Accurately inputting all participant data and validating data fields and/or ranges, such as, but not limited to: names; social security numbers; line item numbers, agency codes, payroll distribution codes; and reduction amounts (that do not exceed the legal account limits or limits set by the State).
 - 1.3.1.1 Providing on a semi-monthly basis, within the deadlines prescribed by DAGS, data on computer magnetic tapes that contain any/all required participant data information to the State payroll office(s) in a format specified by the State, or electronic transfer of such data.
 - 1.3.1.2 Developing and providing error resolution instructional materials, subject to the State's approval.
 - 1.3.1.3 Resolving any errors including those discovered on its own or by the State.
 - 1.3.2 Providing monthly, quarterly, and annual reports in a form requested by the State and any special reports, as may be requested by the State. Reports shall contain without limitation such information as number of employees contributing to each FSA, amount of payroll reductions for each FSA, number of new enrollments, and number of separated participants, number of claims received and processed; disposition of claims; number of claims rejected; claim adjustments made after initial disposition; average number of days elapsed in processing claims; number of claims paid after ten business days and reasons.
 - 1.3.2.1 Providing quarterly customer service reports, showing the number of calls received and nature of participant inquiry (e.g., account balance, claim reimbursement, complaint of service, request for information, etc).
 - 1.3.3 Attending all meetings, legislative hearings, and public hearings, as required by the State, to explain the State's FSAs and answer questions. Drafting written testimony for HRD, as may be requested by HRD.
 - 1.3.4 Establishing an FSA claims processing/reimbursement system with a standard that at least 90% of claims shall be processed within five business days after receipt and that 100 percent shall be processed within ten business days of receipt. Participants shall be allowed to submit claims for \$3.00 or more, as often as they wish.
 - 1.3.4.1 Being solely responsible for receiving and verifying FSA reimbursement claims.
 - 1.3.4.2 Developing a "voucher" system, upon the State's request, so that for Dependent Care Expense Accounts, employees have no claims to file and no cash flow delay.
 - 1.3.4.3 Providing a system so that claims may be submitted via a facsimile (fax) machine, through the mail, or in person. Providing a 1-800 fax number to submit claims, which shall be available 24 hours a day.
 - 1.3.4.4 Providing a system so employees' reimbursements can be automatically deposited directly into their bank accounts or mailed to their homes.
 - 1.3.4.5 Providing a system so that each reimbursement check stub shows an

- ongoing summary of each participant's account, including year-to-date total deposits, year-to-date total reimbursements, and year-to-date totals of authorized claims. The reimbursement check stub will also show dates of service for the reimbursement check. Providing the same information for employees using automatic deposit into bank accounts.
- 1.3.4.6 Remitting a notice to participants if a claim is rejected for any reason, within five business days of the rejection, including a clear explanation of the rejection.
- 1.3.4.7 Notifying a participant in writing, within five business days, if a claim is authorized for an amount different from the request for reimbursement.
- 1.3.4.8 Providing each participant with a quarterly transactional summary showing individual deposits, reimbursements and dates of service for each reimbursement, account balance, and outstanding authorized claims.
- 1.3.4.8.1 Including in each quarterly statement an appropriate and timely general message to participants regarding the FSAs. The message shall be pre-approved by the State.
- 1.3.4.8.2 Reminding participants, on their third quarter statements, of the "use-it-or-lose-it" clause. Preparing articles for HRD newsletter reminding participants of the "use-it-or-lose-it" clause.
- 1.3.4.8.3 Mailing all statements to participants' homes.
- 1.3.4.9 Sending to each participant's home, at the end of each plan year, a statement of the account balance and a reminder of the 90-day grace period for the submission of claims for expenses incurred during the preceding plan year.
- 1.3.4.10 Paying the full amount of a Health Care Expense claim that is submitted for an amount larger than a participant's account balance, up to the amount the employee will have contributed for the entire plan year, as required under the IRC.
- 1.3.4.11 Providing a late-billing procedure to accept claims filed after the close of the grace period, if the late filing was not the participant's fault (e.g., waiting for documentation).
- 1.3.4.12 Maintaining participants' year-to-date contributions and processing a State cancellation of deduction form at the point that the employee would exceed his/her annual elected amount, or the legal account limit. Processing a cancellation form, as required by the State, for terminating employees.
- 1.3.5 Sending to participants' homes, in a timely manner, any information or forms required by the IRC or the State.
- 1.3.6 Providing stop-pay, void, and stale-date check procedures, with the approval of the State.
- 1.3.7 Providing a comprehensive system of audit and control to track and balance accounts and to ensure the overall fiscal integrity of the FSAs, maintaining all records associated with an individual's account (including contributions, enrollment forms, authorizations, address, reimbursements) that relate to the proper administration of an account, and ensuring that all necessary forms and authorizations are complete, on file, and in

- compliance with the FSA rules.
- 1.3.8 Providing a monthly reconciliation of the Plan's bank account with the CONTRACTOR'S accounting records.
- 1.3.9 Providing an annual independent audit of the Health Care and Dependent Care Expense FSAs, its claims processing system, and its program administration, as requested by the State. Submitting the results to the State within 120 days of the State's request for an audit. Selection of the auditor must be approved by the State.
- 1.3.10 Complying with and implementing instructions given by the State for the disposition of any balances in any participant's account following the close of each plan year's grace period. Any and all forfeitures will be returned to the State by October 31st of each year.
- 1.3.11 Setting up, if requested, an interest-bearing account in the name of the State at a financial institution approved by the State. The State will retain any and all interest.
- 1.3.12 Performing all other day-to-day responsibilities necessary to insure the effectiveness and integrity of the FSAs in accordance with generally accepted industry practices and/or as requested by HRD.
- 1.3.13 Providing administrative services, at the same level as the Health Care and Dependent Care Expense FSAs, for any other flexible spending account the IRC may authorize and the State chooses to implement (e.g., adoption assistance plans, legal assistance plans).
- 1.4 Provide efficient, courteous, high quality, and accessible customer service to the State and all eligible employees, including, but not limited to:
 - 1.4.1 Providing a system, computer or otherwise, so that customer service representatives have the ability to gain immediate access to a customer's FSA account to verify enrollment, deposits, claim authorizations, amounts and dates of reimbursements processed and account balances, status of authorizations of claims, dates of mailing/deposit, etc.
 - 1.4.2 Maintaining a local service office in Honolulu that is open Monday through Friday, 8:00 a.m. to 5:00 p.m. (HST), excluding federal holidays.
 - 1.4.3 Providing a toll-free customer service telephone number that will be available from 8:00 a.m. to 5:00 p.m. (HST), excluding federal holidays.
 - 1.4.3.1 Providing responses to telephone inquiries within one business day. This includes requests for FSA reimbursement claim forms or family status change forms.
 - 1.4.3.2 Providing a written response to inquiries requiring research or requiring written confirmation within five business days of the request or inquiry.
 - 1.4.4 Providing disabled employees reasonable accommodation, as required by the Americans With Disabilities Act.
 - 1.4.5 Providing a system so that customer service representatives document each visit and incoming phone call or request received from participants at the time it is received, in the individual participant's account record.
 - 1.4.6 Providing customer service representatives that are well-trained in program rules and regulations specific to the State of Hawaii's FSAs.

- 1.4.7 Providing an adequate number of customer service representatives to handle the volume of walk-ins for the Honolulu office and employee telephone calls. They shall provide prompt, knowledgeable, courteous service at all times.
- 1.4.7.1 Assuring that customer service representatives have laptop/notebook computers and appropriate software to assist employees in making decisions, including the ability to inform each employee how contributions to the FSAs affects his/her net paycheck.
- 1.4.8 Producing an analysis identifying the number of walk-in visits and incoming calls received from employees and the type of inquiries, and providing the State with a quarterly report within fifteen business days of the close of each calendar quarter.
- 1.5 Develop and administer appeal procedures, with the approval of the State, for employees who believe decisions/actions are not consistent with the FSA Plan Document, Administrative Rules, and IRC; whose claims are rejected or denied; whose claims are not processed in a timely fashion; whose accounts are misstated; whose reimbursement checks are delayed or incorrect; whose request to change is denied; or who may have other complaints against the CONTRACTOR or the State. This includes, but is not limited to:
 - 1.5.1 Receiving all FSA appeals, conducting investigations, resolving appeals, and preparing a response in a timely manner on behalf of the State.
 - 1.5.2 Notifying the State immediately of any employee or participant appeal, or any participant request that cannot be handled within the day-to-day scope of the CONTRACTOR's customer service department.
- 1.6 Conduct a customer service satisfaction survey of a statistically significant random number of participants annually if requested by the State. The contents of the survey shall be approved by the State. Prepare survey report and present to the State within 60 days after participant responses are due.
- 1.7 Work with the State's deferred compensation third party administrator(s) and tax sheltered annuity agents, when necessary, to provide assistance so that employees do not over-defer into their deferred compensation plan as a result of participating in the FSAs.
- 1.8 Provide consultation to the State regarding all cafeteria plan-related benefits. This includes, but is not limited to:
 - 1.8.1 Answering questions regarding all cafeteria plan-related benefits.
 - 1.8.2 Assisting in review and analysis of the impact of legislative bills/statutes relating to cafeteria plan-related benefits.
 - 1.8.3 Providing letters of interpretation of section 125 of the IRC and the Hawaii Administrative Rules governing the FSAs.

- 1.9 Provide a Turnover Plan, acceptable to the State, that provides for the complete transfer of FSA operations to the State or to a successor Administrator. Such a plan will be used at the end of the contract period to minimize any disruption of processing and service to participants, and its goal is continuity of plan operation. This includes, but is not limited to:
 - 1.9.1 Providing the State with any required technical assistance and advice during the turnover period.
 - 1.9.2 Cooperating fully with the State and any successor contractor during a turnover period.
 - 1.9.3 Providing the State with a Turnover Plan within six months of execution of a contract.
 - 1.9.4 Updating the Turnover Plan, as requested by the State.
 - 1.9.5 Attending meetings, as required by the State, with State representatives or designees.
- 1.10 Provide security and emergency protection of all data, records, forms and data processing operations devoted to FSA programs, including, but not limited to:
 - 1.10.1 Establishing procedures to ensure the data processing system will be back in at least minimal operation within thirty calendar days of a disaster, such as a fire, flood, hurricane, tornado, or bomb.
 - 1.10.2 Backing up all tapes and files daily for changes.
- 1.11 Providing other services reasonably required by HRD/the State.

2.0 SCOPE OF WORK - PREMIUM CONVERSION PLAN**ITEM TASK/DELIVERABLE DESCRIPTION**

- 2.1 Assist the State in some PCP compliance activities, including, but not limited to:
- 2.1.1 Assisting in the development and/or amendment, as necessary, of the Plan Document, Administrative Rules (pursuant to Chapter 91, Hawaii Revised Statutes), and Summary Plan Description, including attending Administrative Rules public hearings.
- 2.1.2 Obtaining all required approvals for the PCP to assure the State is in compliance with all applicable federal and State laws and regulations. The CONTRACTOR shall be responsible for assisting the State in administering the PCP in accordance with Section 125 of the IRC and the regulations thereunder.
- 2.1.3 Acting as liaison to all applicable federal and State agencies as may be required.
- 2.1.4 Preparing any reports or tests for the PCP required by federal and/or State laws/regulations, including IRS Form 5500, and performing any required discrimination testing. All reports and tests shall be prepared/filed in accordance with IRC timetables.
- 2.1.5 Keeping HRD apprised of all laws and regulations of applicable regulatory agencies and providing information on present or future federal or State-level changes pending, legislatively or otherwise, and their implications for the PCP and their participants.
- 2.1.6 Advising HRD on the merits of maintaining PCP and their provisions, and recommending amendments to the PCP as may be required by changing conditions, laws, or regulations.
- 2.2 Assist the State in the PCP program implementation/administration activities, including, but not limited to:
- 2.2.1 Conducting open enrollment activities annually and at times specified by the State.
- 2.2.1.1 Conducting informational/educational sessions for departmental personnel offices on all islands.
- 2.2.1.2 Conducting informational/educational sessions for all eligible employees on all islands.
- 2.2.1.3 Designing, printing, and distributing in sufficient quantities all customized written informational materials to fully apprise all eligible employees of the PCPs' purposes and provisions, and designing, printing and distributing all necessary PCP forms, including, but not limited to, enrollment forms. All materials shall have the State's pre-approval. (See Appendix A for an example of the preferred format and presentation for employee informational booklet.) Distribution of informational materials/forms shall be to approximately 350 worksites.
- 2.2.1.4 Preparing customized informational videos, if requested, which are pre-

- 2.2.1.5 approved by the State. This may be combined with the FSAs video. Providing assistance to employees in completing all required forms, as requested.
- 2.2.1.6 Providing all assistance necessary to educate/enroll disabled employees on the PCP program, including, but not limited to, large print materials, text telephones, sign language interpreters, and any other actions required by the Americans With Disabilities Act.
- 2.2.1.7 Working with and coordinating all open enrollment activities/forms with the State Health Fund and employee organizations/unions, as appropriate.
- 2.2.1.8 Providing guidance to the State Health Fund and unions/employee organizations in processing PCP transactions relative to their health benefit plans.
- 2.3 Attend all meetings, legislative hearings, and public hearings, as may be required by the State, to explain the State's PCP and answer questions.
- 2.4 Develop and administer appeal procedures, with the approval of the State, for employees who believe decisions/actions are not consistent with the PCP Plan Document, Administrative Rules, IRC; whose claims are rejected or denied; whose request to enroll, change, or cancel is denied; or who may have other complaints against the CONTRACTOR or the State. This includes, but is not limited to:
 - 2.4.1 Receiving all PCP appeals, conducting investigations, resolving appeals, and preparing a response in a timely manner on behalf of the State.
 - 2.4.2 Notifying the State immediately of any employee or participant appeal.
- 2.5 Work with the State's deferred compensation third party administrator(s) and tax sheltered annuity (TSA) agents, when necessary, to provide assistance so that employees do not over-defer into their deferred compensation plan or TSA as a result of participating in the PCP.
- 2.6 Providing other services reasonably required by HRD/the State.

3.0 PROPOSAL

3.1 Proposal Requirements

- OFFEROR'S Proposal must clearly describe its approach, along with supporting experience and references relating to its ability to satisfactorily perform the tasks in the RFP. The Proposal must describe the OFFEROR'S overall qualifications for this type of work, and describe those factors that may uniquely qualify it for the State's Plan.
- 3.1.1 OFFEROR must present a written narrative that demonstrates the method or manner in which the OFFEROR proposes to satisfy each of the contractual requirements. The language of the narrative must be straightforward and limited to facts, solutions to problems, and plans of

- proposed actions.
- 3.1.2 To facilitate the evaluation and review process, OFFEROR must use the forms provided, identify by number and restate each specific item in the order listed, and immediately below provide a detailed response for each item.
- 3.1.3 Where applicable, describe in detail how, when, by whom, with what, to what degree, where, etc., the requirement will be satisfied.
- 3.1.4 Failure to disclose the required information or any form of misrepresentation shall be grounds for rejection of any Proposal or termination of any contract.
- 3.2 OFFEROR's Experience, History and Reliability** (Specify on or attach to Attachment 4.0 of the PROPOSAL SUBMISSION PACKET.)
The experience, history, and reliability of the OFFEROR'S organization are considered in the evaluation process. Therefore, the OFFEROR must submit any information that documents successful and reliable experience, especially those performances related to the requirements of this RFP.
- 3.2.1 The OFFEROR is to specifically describe the following:
- 3.2.1.1 What is the principal business of the OFFEROR and when did the OFFEROR begin work in the area of PCP and/or FSA administration?
- 3.2.1.2 Is your company a subsidiary or affiliate of another company? Provide full disclosure of any direct or indirect ownership or control by any administrative service agency and/or financial institution and describe fully.
- 3.2.1.3 Describe any pending or proposed agreements to merge or sell the company.
- 3.2.1.4 Is there any pending litigation against the company? If so, give details and provide an opinion of legal counsel that the pending litigation will not impair the company's ability to perform the services required under this RFP.
- 3.2.1.5 Has there ever been any litigation or formal complaint against your company resulting from its current or past involvement performing administration activities for premium conversion plans or flexible spending accounts? If so, please describe fully.
- 3.2.2 Provide the following general company information:
- 3.2.2.1 Name and address of company. Name of official who will coordinate all activities related to the Plan. Telephone and fax number. Location of local office(s).
- 3.2.2.2 When was the company established?
- 3.2.2.3 What are the company's:
1. Total assets?
 2. Capital and surplus?
 3. Total income, after taxes, for 1996?
 4. Total receipts for 1996?
- 3.2.2.4 Furnish a copy of your company's audited financial statements/financial

- reports for the last two years (1995 and 1996). Such statements will remain confidential to the extent provided by law (Chapter 92F, Hawaii Revised Statutes).
- 3.2.2.5 Provide opinion of legal counsel that the services you propose to provide are legal and appropriate for your institution under the State and federal regulations by which you and the State's Plans are governed.
- 3.2.2.6 What professional liability insurance coverages are maintained by your company for errors or omissions or any other acts committed by your company or its employees?
- 3.2.3 The OFFEROR must provide the following information related to previous and current contracts that are considered similar to the requirements of this RFP:
- 3.2.3.1 Name, address and telephone number of contracting agency and person who may be contacted for verification of all data submitted.
- 3.2.3.2 Give a brief history and include relevant information of your organization's current and past experience administering premium conversion plans and flexible spending accounts.
- 3.2.3.3 Describe your organization with specific references to the administrative services currently being provided to premium conversion plans and flexible spending accounts.
- 3.2.3.4 Given your current contractual obligations, will you have any problem with handling this contract?
- 3.2.3.5 List all clients, within the last ten years, for whom you provide or provided PCP or FSA administration services. Provide for each: type of service(s), average number of participants, contract beginning and end dates, contact person, address and telephone number.
- 3.2.3.6 Has any contract of your company ever been terminated for cause? If so, when, by whom and under what circumstances?
- 3.2.3.7 Do you now, or have you ever had, a contract with the State to provide products or services? Briefly describe the nature and scope of the contract.
- 3.2.4 OFFEROR must have or be willing to open a local office in Honolulu.
- 3.3 OFFEROR'S Supplemental Insurance-Type Products** (Specify on or attach to Attachment 5.0 of the PROPOSAL SUBMISSION PACKET.)
- 3.3.1 Describe in full detail all supplemental insurance-type products your organization wishes to market/sell to State employees (such as Long Term Care Insurance, Disability Insurance, etc). Descriptions must include specific and complete details for each product. For each product also provide: 1) current monthly premium rates; premium rate increases planned from now through June 30, 2001; 2) premium rates for the past five years; 3) what basis and when premium rates are allowed to be increased; 4) how much advance notice plan participants will be given before rates are increased; 5) limitations of the product; 6) whether or not conversion is possible and conversion rates; an item-by-item comparison, with a minimum of five other companies who are

- considered your major competitors for that product, of all product features (See, Appendix B for example).
- 3.3.1.1 If the successful OFFEROR'S contract is not renewed at the end of the contract period, describe for each product how the employee/purchaser will be negatively affected.
- 3.3.2 All services required under this RFP must be performed at no cost to the State and its taxpayers. No State funds are budgeted for the Plan.
- 3.3.3 The CONTRACTOR shall be responsible for all costs associated with the performance of services required under the CONTRACT. In no event shall the State be liable for any costs.
- 3.3.4 The CONTRACTOR, for its services, shall be entitled to market one or possibly more of its products (as determined by the State) to State employees by providing a brief overview of the product(s) during group meetings or if the State approves other arrangements. Full marketing of such products may only be done during employees' non-working hours. The CONTRACTOR shall not market any products, other than those pre-approved by the State. The CONTRACTOR shall not contact employees, either by telephone or mail, to market any products - only employees expressing interest during group meetings may be contacted.
- NOTE: Unsuccessful proposers/bidders shall not be allowed to offer their insurance products through payroll deduction.
- 3.3.4.1 All products marketed/sold by CONTRACTOR shall include a prominent statement of non-endorsement by the State of Hawaii. The wording of this statement must be approved by the State.
- 3.4 OFFEROR'S Customer References** (Specify on or attach to Attachment 6.0 of the PROPOSAL SUBMISSION PACKET.)
- 3.4.1 Provide the names, addresses, and telephone numbers of at least (5) entities for which the OFFEROR has administered FSAs as customer references that we may contact.
- 3.4.2 All work for references must have been performed within the past (10) years.
- 3.5 Expertise of OFFEROR'S Personnel** (Specify on or attach to Attachment 7.0 of the PROPOSAL SUBMISSION PACKET.)
- 3.5.1 The qualifications of the personnel proposed by the OFFEROR to perform the requirements of this RFP will be considered in the evaluation. Therefore, the OFFEROR must submit information related to the experience and qualification of its staff.
- 3.5.2 The OFFEROR must specifically provide the following information:
- 3.5.2.1 Attach an organization chart of the company (or any part of the company associated with this contract) showing principal officers and staff members to be associated with this contract and fully describe their experience.
- 3.5.2.2 With whom in the company would the State conduct day-to-day

business? Describe their qualifications and authority.

3.6 Offeror's Subcontractors (Specify on or attach to Attachments 8.0 and 9.0 of the PROPOSAL SUBMISSION PACKET.)

3.6.1 OFFERORS who intend to utilize the services of subcontractors must identify each person or firm to be engaged by the OFFEROR as a joint OFFEROR or subcontractor in the performance of work required under this RFP.

3.6.2 Include the qualifications and resumes of any joint OFFEROR or subcontractor employees, if any, to be used in the performance of services under the Plan.

3.6.3 Describe the work to be performed by the joint OFFEROR or subcontractor.

3.6.4 The OFFEROR shall not subcontract any of the work to be performed under the CONTRACT nor shall OFFEROR assign the CONTRACT to any other person or firm without prior written permission from the State.

3.7 Proposed Methods of Performance (Specify on or attach to Attachment 10.0 of the PROPOSAL SUBMISSION PACKET.)
In presenting the proposed methods of performance, the OFFEROR is to specifically provide the following information.

3.7.1 Describe in detail what assistance the CONTRACTOR expects of the State in the areas of program design, implementation, and day-to-day administration. Include the anticipated frequency of assistance.

3.7.2 Provide the name of the company, address, telephone number, and name of the official who will coordinate all activities related to the contract qualifications.

3.7.3 Describe any systems limitations you might have regarding the type of services you will be required to administer.

3.7.4 Describe the resources the OFFEROR has available for advising the State on operation of the Plan.

3.7.5 Describe the employee communication strategy your Company would utilize in administering the Plan. Describe the types of informational/promotional materials used in similar plans.

3.7.6 Describe record keeping and computer systems capabilities the company has for administering flexible spending accounts, and identify those resources which will be utilized in connection with this CONTRACT.

3.7.6.1 Describe your firm's electronic data processing (EDP) services and capabilities, i.e., number of staff and whether they are in-house employees or do you contract with a subcontractor? If you use a subcontractor, please identify the subcontractor by name, address, and phone number. Will your Hawaii office have direct on-line data entry and inquiry capabilities?

3.7.6.2 Specify the basic record keeping system to be provided for the Plan, with particular reference to the ability to receive, disburse, control, and

- ensure timeliness, accuracy, and confidentiality of records. Indicate if this system is owned in-house or subcontracted to another organization.
- 3.7.6.3 Indicate all interfacing that will occur with the State. Indicate your ability to interface with the State's internal data processing systems.
- 3.7.7 Describe your capabilities to provide a customer service center. This center should provide an 800 toll-free telephone line to representatives who can advise the participants of information regarding their accounts.
- 3.7.8 Describe in detail the capabilities to provide voice response services that will allow participants to access information for inquiry purposes and/or enroll in/make changes to the FSA elections.
- 3.7.9 Specify all reports that will be issued to the participants, the State, and governmental agencies. In addition to periodic statements of accounts, these should include income information for the Internal Revenue Service, etc. Furnish examples of all reports and indicate the frequency of each.
- 3.7.10 Describe any additional services your organization is willing to provide the State and/or participants at no cost, such as an Employee Assistance Program, participant financial planning services, etc. (See, III. SPECIAL PROVISIONS, section 7.5.3).

III. SPECIAL PROVISIONS

1.0 SCOPE

Work included in the CONTRACT shall consist of the implementation and day-to-day administration of the State's Flexible Spending Accounts, and PCP activities/assistance (specified under "II. SPECIFICATIONS"), according to the terms and conditions of this RFP, SPECIFICATIONS, SPECIAL PROVISIONS, GENERAL CONDITIONS (see, Appendix D), and all applicable laws and rules. Any CONTRACT executed as a result of this solicitation shall be governed by the foregoing, including the OFFEROR'S agreed upon proposal.

2.0 WRITTEN QUESTIONS

All questions must be submitted in writing (typewritten) to the State by the date and time specified in SIGNIFICANT DATES. Questions may be sent by facsimile machine, provided they are received by the specified deadline. Such documents must contain pertinent information to identify the prospective OFFEROR, OFFEROR's mailing address, telephone, and FAX number, the RFP NO., and be addressed to the State of Hawaii, Department of Human Resources Development, 235 S. Beretania Street, 14th Floor, Honolulu, HI 96813. The FAX number for questions is (808) 587-1106.

3.0 RESPONSE TO WRITTEN QUESTIONS

The State shall respond by the date specified in SIGNIFICANT DATES, to those OFFERORS who submitted a NOTICE OF INTENTION TO SUBMIT PROPOSAL by the date and time specified in SIGNIFICANT DATES. The State will not be responsible for any delays or non-receipt of responses to prospective OFFERORS.

4.0 OFFEROR'S QUALIFICATIONS

Each OFFEROR proposing to perform the services prescribed in this RFP must possess the minimum qualifications as set forth below:

- 4.1 OFFEROR must be licensed to do business in the State of Hawaii. If OFFEROR, or its subcontractor(s), is an insurance company, it must possess appropriate Certificate(s) of Authority to transact insurance from the Department of Commerce and Consumer Affairs
- 4.2 OFFEROR must possess experience administering premium conversion plans and flexible spending accounts in accordance with Section 125 of the IRC.
- 4.3 OFFEROR must be knowledgeable of all applicable State and federal laws, rules, and regulations governing cafeteria plans, including Section

- 125 of the IRC.
- 4.4 If OFFEROR is an insurance company, and if rated by the following agencies: the AM Best rating must be at least A- (Excellent), the Standard & Poor rating must be at least AA- (Excellent), the Moody's rating must be at least Aa3 (Excellent), and the Duff & Phelps rating must be at least AA- (Very High).

5.0 PROPOSAL PREPARATION

To be considered responsive, OFFEROR'S Proposal must be for all items listed in PROPOSAL SUBMISSION PACKET (Page 34). Any Proposal offering terms and conditions that are contradictory to those included herein may be rejected without further consideration.

- 5.1 OFFEROR must complete the TRANSMITTAL LETTER that requires that evidence of authority to act on behalf of the company be attached and the corporate seal be affixed. The original Proposal response must contain original signatures, and facsimiles will not be accepted.
- 5.2 OFFEROR is required to submit its Proposal using the OFFEROR'S exact legal name, as registered in the state in which it is incorporated. Failure to do so may delay proper execution of the CONTRACT.
- 5.3 All Proposal responses must be in accordance with the terms and conditions stated herein. Descriptions may be submitted on additional sheets not provided for in this RFP.
- 5.4 OFFEROR shall describe how its Proposal meets the State's requirements on a point-by-point basis as itemized in Part II. SPECIFICATIONS (beginning on page 7). The description should be in sufficient detail to enable the State to evaluate the services offered. This is in addition to any brochures or printed materials that may be submitted with this RFP.
- 5.5 In preparing its Proposal, OFFEROR shall not incorporate or otherwise use costly or elaborate artwork, graphics, binding, printing, or other media/materials that are not essential to the utility or clarity of Proposals.
- 5.6 All materials submitted shall become the property of the State, unless otherwise noted.
- 5.7 The State reserves the right to hold all Proposals received for a period of sixty (60) days from the date of the Proposal opening, during which time they shall be irrevocable, unless otherwise required by law.

6.0 SUBMISSION OF PROPOSALS

- 6.1 Proposals shall be sent by mail, courier service, or hand delivered to the Director of the Department of Human Resources Development, 235 S. Beretania Street, 14th Floor, Honolulu, Hawaii 96813 by 4:30 P.M. (HST), November 24, 1997. Proposals shall be sealed and clearly marked identifying the RFP NO., and OFFEROR's address and phone and fax number. All Proposals must be typewritten on the sheets provided or mechanically printed on 8 ½" x 11" paper

and pages numbered according to the PROPOSAL SUBMISSION PACKET. Any OFFEROR may modify or withdraw a Proposal before the opening date.

- 6.2 One (1) original and nine (9) copies of the Proposal shall be delivered concurrently. Proposals shall be time-stamped upon receipt and shall not be opened publicly.
- 6.3 For this RFP, there is no requirement for a Proposal deposit or other evidence of Proposal security.

7.0 EVALUATION AND SELECTION

The State may award a CONTRACT on the basis of initial Proposals received. Therefore, each Proposal should contain the OFFEROR's best terms from a cost and performance standpoint.

- 7.1 Only those Proposals that substantially meet all of the terms, conditions, and requirements specified in this RFP shall be considered. All other Proposals shall be considered to be non-responsive and will be eliminated from the evaluation and selection process.
- 7.2 Entirely at the State's option, oral or written discussions may be conducted with any Priority Listed OFFEROR concerning clarification of the technical and cost aspects of the OFFEROR'S Proposal.
- 7.3 Entirely at the State's option, OFFERORS who submit Proposals that qualify for evaluation and selection may be afforded the opportunity to revise their Proposals, including compensation, so as to present their best and final offers.
- 7.4 Proposals will be reviewed by a committee appointed by the Director of HRD who will transmit their findings to the Director. The Director may approve or reject the findings submitted by the committee.
- 7.5 Evaluation criteria are as follows:
 - 7.5.1 **OFFEROR'S Experience, Service, and Administrative Capability** - 60%
 - 7.5.1.1 Experience and knowledge that OFFEROR can provide to assist the State in meeting the goals and objectives set forth in the Plan.
 - 7.5.1.2 Services to participants and ability of the OFFEROR to effectively service participants.
 - 7.5.1.3 Accounting/Recordkeeping/Reporting -- Capability of the OFFEROR to maintain accurate participant records, provide participants with detailed statements, promptly/accurately process reimbursement checks. Also, the ability of the OFFEROR to meet or exceed the minimum requirements stated herein.
 - 7.5.1.4 Expertise and organization of OFFEROR'S personnel -- Qualifications of personnel, the organization of personnel, and physical location of personnel.
 - 7.5.2 **Performance History** -- Previous and current clients' satisfaction with OFFEROR'S services - 30%
 - 7.5.3 **Additional services or products OFFEROR can provide at no cost**

to the State and/or the Participants - 10%

8.0 REJECTION OF PROPOSALS

- 8.1 The State reserves the right to cancel the RFP when, in the State's opinion, such cancellation is in the best interest of the State.
- 8.2 The State may reject Proposals, in whole or in part, and waive any defects, when in the State's opinion, such rejection or waiver will be in the best interest of the State.
- 8.3 Multiple, alternate, or conditional Proposals shall not be accepted.
- 8.4 The State shall not be responsible for any bid preparation costs (or any other costs incurred by the OFFERORS) for any reason whatsoever.

9.0 CONTRACT PERIOD

The successful OFFEROR shall enter into a CONTRACT for a period commencing on or about January 1, 1998, and ending June 30, 2001.

- 9.1 The CONTRACT may be extended for up to three one-year extensions, by mutual consent.
- 9.2 Either party may elect not to extend the CONTRACT on the same terms and conditions on the expiration or extension date of the CONTRACT, but the party electing not to extend must notify the other party in writing at least one hundred and eighty (180) days prior to the expiration or extension date. No fees, charges, penalties, costs, etc. shall be assessed against the State or its employees in the event the CONTRACT expires, is terminated, or is not extended/renewed.

10.0 CONTRACT EXECUTION

The successful OFFEROR will be required to enter into a formal written CONTRACT in accordance with the laws, rules and regulations of the State. It is anticipated that the CONTRACT will be executed within ninety (90) days of the date of notification of the award.

- 10.1 The successful OFFEROR must effectuate in a timely manner such agreements with the State as are necessary to implement the contract. The CONTRACTOR must agree, at a minimum, in its CONTRACT with the State to represent, covenant, and warrant, among other things, the following:
 - 10.1.1 Litigation. The CONTRACTOR, its officers, directors, stockholders, agents, or employees are not subject to any present litigation or administrative proceeding before any court or administrative body that

- would have a material adverse effect on the CONTRACTOR'S ability to perform under the CONTRACT. To the best knowledge of the CONTRACTOR, no such litigation or proceeding is presently threatened against it or any of the foregoing persons.
- 10.1.2 No Conflicts. The CONTRACTOR, its officers, directors, stockholders, agents, or employees have no conflict of interest that impairs the CONTRACTOR'S ability to fully perform the duties and responsibilities under the CONTRACT.
- 10.1.3 Indemnification. The CONTRACTOR shall indemnify and hold harmless the State and its employees from any and all claims, demands, suits, actions, damages, costs, and expenses, including reasonable attorneys' fees, arising out of or in connection with the performance of the CONTRACTOR'S services under the CONTRACT, including acts or omissions of the CONTRACTOR, its officers, directors, stockholders, agents, or employees.
- 10.1.4 In no event shall the CONTRACTOR at any time and on any basis assert a claim or claims against the State or any of its staff members. To that end, the CONTRACTOR shall release the individual staff members from any claims or causes of action arising from or related in any manner to the relationship between the State and the CONTRACTOR created under the CONTRACT.
- 10.1.5 Prohibited solicitation. The CONTRACTOR shall not at any time contact any employee for the purpose of soliciting business unrelated to the Plan or use or permit the use of information in its possession for solicitation of any business with employees unrelated to the Plan, except as specified in this RFP.
- 10.1.6 Prohibited ownership. The CONTRACTOR shall not permit any employee or officer of the State to gain a share of this CONTRACT or to benefit directly therefrom because of substantial financial interest in the CONTRACT or CONTRACTOR, including its affiliates and subcontractors.
- 10.1.7 Contractor as employer. The CONTRACTOR shall comply with all applicable federal and State laws governing employment and shall require all subcontractors to comply with such laws.
- 10.1.7.1 All services offered shall be in conformance with the parameters of the Plan. Any work that extends beyond the scope of this RFP must be approved by the State.
- 10.1.7.2 The CONTRACTOR, its officers, directors, stockholders, agents, employees, and subcontractors, shall not act or be considered as employees of the State nor be entitled to any benefits or privileges accorded to public employees. The status of the CONTRACTOR with respect to the CONTRACT shall be one of an independent contractor.
- 10.1.7.3 Discrimination. The CONTRACTOR shall not discriminate against any employee who is employed in the work covered by the contract, or against any applicant for such employment, because of race, religion, color, sex, age, marital status, sexual orientation, or national origin, or

any other category protected by State and federal laws. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination rate of pay or other forms of compensation, and selection for training, including apprenticeship. The CONTRACTOR must insert similar provisions in all subcontracts for services covered by the CONTRACT.

- 10.1.7.4 The CONTRACTOR shall remove persons from work relating to the Plan if they are incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable or if their continued employment is contrary to the best interests of the State and its employees.
- 10.1.7.5 The CONTRACTOR shall inform the State of changes in its key personnel or those of a subcontractor involved in the administration of the Plan.
- 10.1.8 Subcontracting and assignment. The CONTRACTOR shall not subcontract any of the work to be performed under the CONTRACT nor shall the CONTRACTOR assign the contract to any other person or firm without prior written approval from the State and no subcontract or assignment made without such approval will be recognized.
- 10.1.8.1 No subcontract or assignment shall, under any circumstances, relieve the CONTRACTOR of CONTRACTOR'S obligation and liability under the CONTRACT with the State. All persons engaged in performing the work covered by the CONTRACT shall be considered as employees of the CONTRACTOR and the CONTRACTOR will be responsible for any acts or omissions of its subcontractors or assignees.
- 10.1.8.2 The CONTRACTOR shall be allowed to assign proceeds under the contract, provided the requirements of section 40-58, Hawaii Revised Statutes, are satisfied. (See, Appendix C.)
- 10.1.9 Licensing and regulatory requirements. The CONTRACTOR shall comply with applicable licensing and regulatory requirements of federal and State laws relating to the operation of the Plan and with applicable accreditation and other standards of performance generally accepted in the field of the CONTRACTOR'S activities. In no case shall administrative services be offered except by persons and companies authorized and duly licensed by the State of Hawaii and applicable federal regulatory agencies to offer such services. Upon award of the CONTRACT, the CONTRACTOR must provide an opinion of legal counsel of such compliance.
- 10.1.10 Bonding and insurance. The CONTRACTOR shall post any bonds required by the State, which may include fidelity, errors and omissions, and other bonds and insurance that the State deems necessary to protect the assets of the Plan and the State, its officers, or its employees against liability.
- 10.1.11 Ownership of records and books. All records, reports, documents, data, and other written material related to the operation of the Plan that are maintained by the CONTRACTOR or its subcontractor shall at all times

remain the sole property of the State, notwithstanding the fact that records may be stored upon or within one or more computers or data retention systems owned, operated, or leased by the CONTRACTOR or its subcontractor. All finished and unfinished records, reports, documents, data, and other written materials collected, prepared, or developed by the CONTRACTOR or its subcontractor during the term of the CONTRACT shall be considered "works made for hire." All such material shall be delivered to the State immediately upon termination of the CONTRACT.

- 10.1.12 Inspection of records and books. The State, its designated agents, attorneys, and accountants may examine those books, records, ledgers, journals, and other written materials of the CONTRACTOR, parent corporation, or subcontractor that relate to the operation of the Plan and the compensation and expenses derived by the CONTRACTOR or any subcontractor for services performed under the CONTRACT. To the extent that any of those records are maintained upon a computer or other data retention system which is not owned or controlled by the CONTRACTOR or subcontractor, the CONTRACTOR shall provide the State with satisfactory assurances from the owner of the computer or other data retention system that the records will be available to the State at all times.
- 10.1.13 Accounting practices. The CONTRACTOR shall maintain acceptable accounting procedures and practices and records that accurately reflect all direct and indirect expenditures related to the CONTRACTOR'S performance under the Plan and will permit inspection, review, and an audit of accounting records by appropriate State agencies or duly authorized representatives.
- 10.1.14 Confidentiality. The CONTRACTOR shall maintain all information submitted to, and all materials prepared, developed, or compiled by the CONTRACTOR regarding the Plan in a confidential manner and shall not disclose or transmit such information to anyone who does not have a right to such information under the terms of the Plan or federal or State law.
- 10.1.15 Termination. The State may terminate the CONTRACT for any of the following:
 - a. Malfeasance, nonfeasance, misfeasance, or neglect on the part of the CONTRACTOR; this includes the CONTRACTOR'S failure or unreasonable refusal on request of the State to substantially perform promptly the services required to be rendered under the CONTRACT;
 - b. If the CONTRACTOR:
 - 1) Files a petition in bankruptcy or for the approval of a plan of reorganization or arrangement under the applicable federal bankruptcy laws, or an admission seeking any relief provided therein;

- 2) Makes an assignment for the benefit of creditors;
 - 3) Has a receiver appointed voluntarily/involuntarily for its properties;
 - 4) Permits a judgment to be obtained against it that is not promptly paid or promptly appealed and secured pending appeal; or
 - 5) Is otherwise financially insolvent;
- c. If the award of the CONTRACT is deemed invalid or is invalidated by a court or other similar tribunal;
 - d. If the State decides to terminate the Plan; or
 - e. If it is in the best interest of the State.

In the event the CONTRACT is terminated for any of the above reasons, the State shall not be liable for any costs, fees, expenses, etc. incurred by the CONTRACTOR whatsoever.

- 10.2 If the State finds that it would be in the State's best interests to reduce or expand the scope of work, the successful OFFEROR may be required to enter into negotiation sessions for CONTRACT terms prior to entering into a formal CONTRACT.
- 10.3 This RFP, together with the successful OFFEROR's Proposal shall become part of the terms and conditions of the resulting CONTRACT, provided that in the event of any conflict between the terms of this RFP and the Proposal, this RFP shall control.
- 10.4 The State will issue a Notice to Proceed, which may be in the form of the CONTRACT, specifying the CONTRACT's commencement date. Any work performed by the successful OFFEROR prior to receipt of a fully executed copy of the CONTRACT shall be at the successful OFFEROR's own risk and expense. The State is not and will not be liable for any work, CONTRACT costs, expenses, loss of profits or damages whatsoever incurred by the successful OFFEROR prior to the CONTRACT commencement date.

11.0 COMPENSATION

All services required under this RFP must be performed at no cost to the State and its employees and no State funds are authorized for the Plan. The CONTRACTOR shall be paid solely from the Plan for work performed or services rendered.

12.0 FAILURE TO DELIVER

The OFFEROR shall be obliged to deliver services awarded in this CONTRACT in accordance with the terms and conditions herein.

- 12.1 Failure to deliver may be cause for termination of the CONTRACT and may result in the OFFEROR being barred from future bidding. If the OFFEROR is unable or refuses to deliver the services under the CONTRACT herein, the State reserves the right to terminate the CONTRACT immediately and may bar the OFFEROR from future bidding.
- 12.2 Upon termination of the CONTRACT, the State shall have the right to secure services in the open market or from the next OFFEROR whose Proposal is deemed most advantageous to the State.

13.0 DISPUTES

All disputes will be resolved by a process essentially similar to that identified in Section 11, Disputes, under General Conditions. (See, Appendix D)

NOTICE OF INTENTION TO SUBMIT PROPOSAL

FOR ADMINISTRATOR FOR THE STATE OF HAWAII CAFETERIA PLAN (TO INCLUDE THE PREMIUM CONVERSION PLAN AND FLEXIBLE SPENDING ACCOUNTS)

James H. Takushi, Director
Department of Human Resources Development
235 S. Beretania Street, 14th Floor
Honolulu, Hawaii 96813
Fax No. (808) 587-1106

Dear Director Takushi:

The undersigned has carefully read and fully understands the requirements of RFP NO. FSA-FY-98-1 for an ADMINISTRATOR for the STATE OF HAWAII CAFETERIA PLAN (TO INCLUDE THE PREMIUM CONVERSION PLAN AND FLEXIBLE SPENDING ACCOUNTS) and hereby intends to submit a Proposal.

Name: _____

Title: _____

Company: _____

Address: _____

City/State/Zip: _____

Telephone No: _____ **Facsimile No:** _____

Date: _____

(DUE NOT LATER THAN November 4, 1997, 12 Noon [HST])

TRANSMITTAL LETTER

PROPOSAL FOR ADMINISTRATOR FOR THE STATE OF HAWAII CAFETERIA PLAN (TO INCLUDE THE PREMIUM CONVERSION PLAN AND FLEXIBLE SPENDING ACCOUNTS)

James H. Takushi, Director
Department of Human Resources Development
235 S. Beretania Street, 14th Floor
Honolulu, Hawaii 96813
Fax No. (808) 587-1106

Dear Director Takushi:

The undersigned has carefully read and fully understands the requirements of RFP NO. FSA-FY-98-1 and hereby agrees to furnish and deliver all responses in strict compliance with the RFP, if selected.

Any questions that the State may have regarding this Proposal should be directed to:

Name: _____

Title: _____

Company: _____

Address: _____

City/State/Zip: _____

Telephone No: _____ **Facsimile No:** _____

The undersigned understands and agrees that:

1. The State of Hawaii reserves the right to reject any and/or all proposals and to waive any defects when, in the State's opinion, such rejection or waiver will be in the best interest of the State;
2. By submitting this Proposal, the undersigned is declaring that its Proposal is not in violation of Section 84-15, Hawaii Revised Statutes, concerning prohibited State contracts (See, Appendix E); and

3. If awarded the CONTRACT, any services performed will be in accordance with all applicable State and federal laws.

Respectfully submitted,

By*

Title

(affix Corporate Seal here)**

Hawaii General Excise Tax Number or federal I.D.

* Please attach to this Proposal evidence of authority of this officer to act on behalf of the company.

** If the Corporate Seal is not available at the local or branch office where the Proposal is prepared, a letter signed by an authorized corporate officer indicating location of the seal may be attached to the Proposal as an acceptable substitute.

WAGE CERTIFICATION

FOR ADMINISTRATOR FOR THE STATE OF HAWAII CAFETERIA PLAN (TO INCLUDE THE PREMIUM CONVERSION PLAN AND FLEXIBLE SPENDING ACCOUNTS)

To the extent that section 103-55, Hawaii Revised Statutes, applies, I hereby certify that if awarded the CONTRACT, the services to be rendered will be performed under the following conditions:

1. The services to be rendered shall be performed by employees paid at wages or salaries not less than wages paid to public officers and employees for similar work, if similar positions are listed in the classification plan of the State government.
2. All applicable laws of the federal and State governments, including but not limited to workers' compensation, unemployment insurance, payment of wages, and safety, will be fully complied with.

I understand that all payments required by federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wages required by section 103-55, Hawaii Revised Statutes.

OFFEROR: _____

Signature: _____

Title: _____

Date: _____

IV. PROPOSAL SUBMISSION PACKET

OFFEROR NAME: _____

1.0 PROPOSAL SUBMISSION CHECKLIST

OFFERORS are required to include in their PROPOSAL SUBMISSION PACKETS all items listed below and to place a check next to each item to indicate inclusion.

- | | | |
|-------|---|-------|
| 1.1 | TRANSMITTAL LETTER | _____ |
| 1.1.1 | Contact Person | _____ |
| 1.1.2 | Authorized Signature
(Must be original - copy of a facsimile is not acceptable) | _____ |
| 1.1.3 | Name & Title of Signer | _____ |
| 1.1.4 | Corporate Seal or Substitute | _____ |
| 1.1.5 | Hawaii General Excise Tax Number or federal I.D. | _____ |
| 1.2 | CERTIFICATION OF AUTHORITY/REGISTRATION TO TRANSACT
BUSINESS IN THE STATE OF HAWAII AND IN THE STATE OF
INCORPORATION | _____ |
| 1.3 | WAGE CERTIFICATION | _____ |
| 1.4 | OFFEROR'S QUALIFICATION CHECKLIST | _____ |
| 1.5 | OFFEROR'S EXPLANATION OF VARIANCE (if any) _____ | _____ |
| 1.6 | OFFEROR'S EXPERIENCE, HISTORY & RELIABILITY | _____ |
| 1.7 | OFFEROR'S PROPOSED SUPPLEMENTAL INSURANCE-
TYPE PRODUCTS | _____ |
| 1.8 | OFFEROR'S CUSTOMER REFERENCES | _____ |
| 1.9 | OFFEROR'S PERSONNEL RESUMES | _____ |
| 1.10 | OFFEROR'S SUBCONTRACTORS | _____ |
| 1.11 | OFFEROR'S SUBCONTRACTORS' PERSONNEL RESUMES | _____ |
| 1.12 | OFFEROR'S PROPOSED METHODS OF PERFORMANCE | _____ |
| 1.13 | ADDITIONAL INFORMATION | _____ |

OFFEROR NAME:

2.0 OFFEROR'S QUALIFICATION CHECKLIST

OFFERORS are required to fill out this checklist by indicating YES or NO to each item.

- ▶ **YES** means Acceptance and OFFEROR is in compliance and agreement with all terms, conditions, and specifications of the RFP.
- ▶ **NO** means a Variance and OFFEROR is in disagreement with part(s) of the terms, conditions, and specifications of the RFP.

- 2.1 OFFEROR has read, understands, and will comply with all specified requirements and the terms and conditions of the RFP. _____
- 2.2 OFFEROR has read, understands, and will comply with the terms and conditions in the SPECIFICATIONS. _____
- 2.3 OFFEROR has read, understands, and will comply with the terms and conditions in the SPECIAL PROVISIONS. _____
- 2.4 OFFEROR has read, understands, and will comply with the requirements for PROPOSAL SUBMISSION PACKET contents. _____
- 2.5 The OFFEROR must submit profiles and resumes of the staff to be assigned to perform the requirements of the RFP.
- 2.5.1 The OFFEROR must be authorized to do business in the State of Hawaii. _____
- 2.5.2 The OFFEROR must have and be willing to commit sufficient staff and resources in Hawaii to perform and deliver the services and products required by the RFP for all eligible State employees in accordance with the terms and conditions specified in the RFP. _____
- 2.5.3 The OFFEROR must identify and provide information on any subcontractors/joint contractors, if applicable. _____

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

OFFEROR NAME:

4.0 OFFEROR'S EXPERIENCE, HISTORY AND RELIABILITY

State when the OFFEROR commenced business, the number of premium conversion plans and flexible spending accounts the OFFEROR administered in the last ten years (specify names of companies and duration). Specify if these were for public/government employers.

(attach here)

OFFEROR NAME:

5.0 OFFEROR'S PROPOSED SUPPLEMENTAL INSURANCE-TYPE PRODUCTS

Describe in detail all supplemental insurance-type products OFFEROR wishes to market/sell to State employees. Give specific, detailed information about each product. Descriptions must include specific and complete details for each product. For each product also provide: 1) current monthly premium rates; premium rates increases planned from now through June 30, 2001; 2) premium rates for the past five years; 3) what basis and when premium rates are allowed to be increased; 4) how much advance notice plan participants will be given before rates are increased; 5) limitations of the product; 6) whether or not conversion is possible and conversion rates; an item-by-item comparison of all product features (See, Appendix B for example) with a minimum of five other companies who are considered your major competitors for that product; 7) copies of the product contract.

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES

OFFEROR is asked to supply the State with the names, addresses, and telephone numbers of at least five (5) entities for whom the OFFEROR has administered flexible spending accounts. All work for references must have been performed within the past ten (10) years.

1. **Program Name:** _____
Client Address: _____

Phone Number: _____

Program Administrator and/or Other Persons familiar with work performed by OFFEROR:

Name/Title: _____
Name/Title: _____
Name/Title: _____

Date Started: _____
Date Ended: _____

Description of Plan Administered: (Include the number of employees participating in the program and any other information to assist the State in evaluating OFFEROR. Append additional pages as needed.)

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

Description of Work Performed: (Include objective(s) and methodology, including OFFEROR's staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR's experience in administering these plans. Append additional pages as needed.)

Report Enclosed: Yes ____ No ____

Report Title: _____

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

2. **Program Name:** _____

Client Address: _____

Phone Number: _____

Program Administrator and/or Other Persons Familiar with work performed by
OFFEROR:

Name/Title: _____

Name/Title: _____

Name/Title: _____

Date Started: _____

Date Ended: _____

Description of Plan Administered: (Include the number of employees participating in
the program and any other information to assist the State in evaluating OFFEROR.
Append additional pages as needed.)

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

Description of Work Performed: (Include objective(s) and methodology, including OFFEROR's staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR's experience in administering these plans. Append additional pages as needed.)

Report Enclosed: Yes ____ No ____

Report Title: _____

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

3. **Program Name:** _____

Client Address: _____

Phone Number: _____

Program Administrator and/or Other Persons Familiar with work performed by
OFFEROR:

Name/Title: _____

Name/Title: _____

Name/Title: _____

Date Started: _____

Date Ended: _____

Description of Plan Administered: (Include the number of employees participating in
the program and any other information to assist the State in evaluating OFFEROR.
Append additional pages as needed.)

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

Description of Work Performed: (Include objective(s) and methodology, including OFFEROR's staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR's experience in administering these plans. Append additional pages as needed.)

Report Enclosed: Yes ____ No ____

Report Title: _____

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

4. **Program Name:** _____
- Client Address:** _____
- _____
- Phone Number:** _____

Program Administrator and/or Other Persons Familiar with work performed by
OFFEROR:

Name/Title: _____

Name/Title: _____

Name/Title: _____

Date Started: _____

Date Ended: _____

Description of Plan Administered: (Include the number of employees participating in
the program and any other information to assist the State in evaluating OFFEROR.
Append additional pages as needed.)

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

Description of Work Performed: (Include objective(s) and methodology, including OFFEROR's staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR's experience in administering these plans. Append additional pages as needed.)

Report Enclosed: Yes ____ No ____

Report Title: _____

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

5. **Program Name:** _____
Client Address: _____

Phone Number: _____

Program Administrator and/or Other Persons Familiar with work performed by
OFFEROR:

Name/Title: _____
Name/Title: _____
Name/Title: _____

Date Started: _____

Date Ended: _____

Description of Plan Administered: (Include the number of employees participating in
the program and any other information to assist the State in evaluating OFFEROR.
Append additional pages as needed.)

OFFEROR NAME:

6.0 OFFEROR'S CUSTOMER REFERENCES (Cont.)

Description of Work Performed: (Include objective(s) and methodology, including OFFEROR's staffing, work plan and any other information, to assist the State in understanding the scope and dimensions of OFFEROR's experience in administering these plans. Append additional pages as needed.)

Report Enclosed: Yes ____ No ____

Report Title: _____

OFFEROR NAME:

7.0 OFFEROR'S PERSONNEL RESUMES

(attach here)

OFFEROR NAME:

8.0 OFFEROR'S SUBCONTRACTORS

List the names and addresses of all persons or firms to be engaged by the OFFEROR as a subcontractor or joint contractor in the performance of the work required under this RFP and describe the work each party will perform. Also include the sub/joint contractor agreement between both parties.

(attach here)

OFFEROR NAME:

9.0 OFFEROR'S SUBCONTRACTOR'S PERSONNEL RESUMES

(attach here)

OFFEROR NAME:

10.0 OFFEROR'S PROPOSED METHODS OF PERFORMANCE

Indicate in reasonable detail the planned implementation of all services required by the RFP. Include the methodology, work progression, deployment of resources, timetable, and alternatives for implementation (if any). Also include any other requirement specified in the RFP.

(attach here)

OFFEROR NAME:

11.0 ADDITIONAL INFORMATION

Include in this tab information that will illustrate OFFEROR'S organizational and technical skills and any additional information relating to the RFP that in the OFFEROR'S opinion will assist the State in understanding the OFFEROR'S qualification or anticipated work product.

(attach here)